

REMARKS

The final Office Action dated January 7, 2008 has been carefully reviewed and the foregoing amendment has been made in consequence thereof.

Claims 1, 3, 28, and 31-42 are now pending in this application. Claims 1-7, 9, 10, and 28-32 stand rejected. Claims 2, 4-7, 9, 10, 29, and 30 have been canceled. Claims 33-42 are newly added. No additional fee is due for newly added Claims 33-42.

The rejection of Claims 1, 2, 4, 7, 10, and 30 under 35 U.S.C. § 102(b) as being anticipated by Francis J. Mulhern's "Customer Profitability Analysis: Measurement, Concentration, and Research Directions" (hereinafter referred to as "Mulhern") is respectfully traversed.

Applicant respectfully submits that Mulhern does not describe or suggest the claimed invention. As discussed below, at least one of the differences between Mulhern and the present invention is that Mulhern does not describe or suggest a method for managing marketing that includes creating a plurality of contact relationship levels representative of a customer lifecycle, wherein each contact relationship level is assigned to at least one marketing phase.

Moreover, Mulhern does not describe or suggest a method that includes assigning a relative interaction value that relates to progress in developing a relationship between a business and each contact of a plurality of contacts and a variable cost to each of a plurality of potential interactions between a business and each contact, and recording each actual interaction between the business and each contact in an ongoing interaction record.

Further, Mulhern does not describe or suggest a method that includes developing a data stream for each contact, wherein the data stream tracks a cause and effect relationship between the recorded actual interactions, the corresponding relative interaction value of each recorded actual interaction, and the corresponding variable cost of each recorded actual interaction, assigning each contact to a contact relationship level of the plurality of contact

relationship levels as each actual interaction is recorded, and generating a summary report for each contact based on the data stream for each contact.

Mulhern merely describes a part of an entire marketing process rather than the entire process. Specifically, describes a conceptual and methodological foundation for measuring customer profitability by generalizing approaches to measuring customer lifetime value in direct marketing for broader target marketing applications. Measuring customer profit requires data on individual customer purchases and variable marketing costs over a period of time. Customer profitability measurement components include a specification of customers. Customers are divided into customer units which are then analyzed for profitability. Alternatively, groups of customer units may be aggregated and the profitability analysis completed for the aggregate. Customers may also be divided into, for example, existing or prospective customers and/or active or inactive customers.

Mulhern also notes that a profitability analysis also requires a specification of an applicable level of products and/or services. For example, a computer manufacturer could do separate analyses for mainframes, workstations, and desktop systems. Similarly, a profitability analysis may be completed using an applicable organization level. For example, a computer software company could compute the profitability of customers at the level of its own sales territories, local sales offices, regional sales offices, or the nation level. Moreover, customers can be evaluated for profitability based on present purchase behavior or on an anticipated future stream of purchases, predicted by evaluating the purchase behavior of similar customers in the past.

Moreover, Mulhern describes that once the measurement specifications described above have been established, a structural profitability model is constructed. One such profitability planning model is the standard customer lifetime value approach. This model applies to situations in which future purchases are forecasted and profitability is estimated by discounting future cash flows and variable costs to the present value. Such a model is appropriate when future purchase and cost streams can be accurately forecast at an individual customer level. When lifetime analysis is irrelevant or when accurate projections of purchases cannot be made, a historical profitability analysis may be performed.

Mulhern further notes that a fully developed profitability model features the assignment of variable costs to customers. When variable costs cannot be allocated, less complete formulations may be used that assign costs to market segments, or variable costs may be collapsed into fixed costs. More sophisticated customer databases contain data relating to the costs for marketing communications and other customer-specific variable costs. Moreover, Mulhern describes merely matching variable marketing costs to revenue streams of customers as valuable information for marketing decisions. In most cases, fixed costs are not allocated to customers. More typically, acquisition costs are not directly assigned to individual customers. Thus, the only possible allocation is to apply an average cost to all customers, which lowers each customer's computed profitability by a constant factor and leaves the relative profitability of each customer unchanged. In such instances, Mulhern disregards such acquisition costs during a profitability analysis. As such, typically profitability models are "closed" in that the value of a customer, in terms of future profitability, is assumed to exist independent of marketing actions. Mulhern therefore describes a more advanced form of profitability analysis that uses a recursive model and includes response coefficients that account for effects of marketing efforts on customer profit.

Claim 1 recites a method for managing marketing including "creating a plurality of contact relationship levels representative of a customer lifecycle, wherein each contact relationship level is assigned to at least one marketing phase; assigning a relative interaction value that relates to progress in developing a relationship between a business and each contact of a plurality of contacts and a variable cost to each of a plurality of potential interactions between a business and each contact of the plurality of contacts; recording each actual interaction between the business and each contact of the plurality of contacts in an ongoing interaction record, wherein each actual interaction the plurality of potential interactions having an associated relative interaction value and variable cost; developing a data stream for each contact of the plurality of contacts, wherein the data stream tracks a cause and effect relationship between the recorded actual interactions, the corresponding relative interaction value of each recorded actual interaction, and the corresponding variable cost of each recorded actual interaction; assigning each contact of the plurality of contacts to a contact relationship level of the plurality of contact relationship levels as each actual

interaction is recorded; and generating a summary report for each contact of the plurality of contacts, the summary report based on the data stream for each contact.”

Mulhern does not describe or suggest a method for managing marketing, as recited in Claim 1. More specifically, Mulhern does not describe or suggest creating a plurality of contact relationship levels representative of a customer lifecycle, wherein each contact relationship level is assigned to at least one marketing phase, and recording each actual interaction between the business and each contact in an ongoing interaction record, wherein each actual interaction the plurality of potential interactions has an associated relative interaction value that relates to progress in developing a relationship between a business and each contact of a plurality of contacts and variable cost. Moreover, Mulhern does not describe or suggest developing a data stream for each contact that tracks a cause and effect relationship between the recorded actual interactions, the corresponding relative interaction value of each recorded actual interaction, and the corresponding variable cost of each recorded actual interaction. Further, Mulhern does not describe or suggest assigning each contact to a contact relationship level as each actual interaction is recorded, and generating a summary report for each contact based on the data stream for each contact.

Rather, Mulhern describes a method for estimating future profitability of a particular customer to justify spending money in the near term by improving product or service performance, changing prices, and/or conducting targeted marketing to facilitate later purchases by all customers, wherein customers are segmented according to profitability and past customer behaviors are analyzed in order to determine further offers and/or products to present to each customer within each customer segment. Moreover, Mulhern’s estimates of future profitability rely upon data that has already been collected in databases and on aggregate variable cost data that is collected after a customer has been acquired and that is then assigned or allocated so that each customer is allocated the same cost to server rather than the actual cost that applies uniquely to that individual customer. Rather than collecting actual costs to acquire, close, and retain customers, Mulhern relies on forecasted data or adjusted historical data. As such, Mulhern uses existing data rather than deliberately collecting data that is specific to carrying out a strategy.

Accordingly, for at least the reasons set forth above, Claim 1 is submitted to be patentable over Mulhern.

Claims 2, 4, 7, 10, and 30 have been canceled.

For at least the reasons set forth above, Applicant respectfully requests that the Section 102 rejection of Claims 1, 2, 4, 7, 10, and 30 be withdrawn.

The rejection of Claims 5, 6, 28, 29, 31, and 32 under 35 U.S.C. § 103(a) as being unpatentable over Mulhern in view of U.S. Patent 6,334,110 to Walter, et al. (hereinafter referred to as “Walter”) is respectfully traversed.

Mulhern is described above. Walter describes a method for analyzing customer behavior based on the time when those behaviors occur. Each transaction at a point-of-service (POS) device, such as a cash register (105) or a kiosk (110), is tagged with the time it was made. An in-store processor (140) sends the informational tags from each POS device to a central office (150). A data warehouse (210) is kept at the central office (150) and includes a repository of information including the transaction info sent from the in-store processor (140) and information on advertising offers (218) made to a targeted temporal virtual community (222) and reactions (220) to the offer (218) made by the temporal virtual community (222). Segment-specific advertising campaigns are created (330) using the data warehouse (210). When a customer interacts (340) through one of a number of channels of trade, statistics are gathered and analyzed (350) to determine the effectiveness of the advertising campaign.

Claim 1 recites a method for managing marketing including “creating a plurality of contact relationship levels representative of a customer lifecycle, wherein each contact relationship level is assigned to at least one marketing phase; assigning a relative interaction value that relates to progress in developing a relationship between a business and each contact of a plurality of contacts and a variable cost to each of a plurality of potential interactions between a business and each contact of the plurality of contacts; recording each actual interaction between the business and each contact of the plurality of contacts in an

ongoing interaction record, wherein each actual interaction the plurality of potential interactions having an associated relative interaction value and variable cost; developing a data stream for each contact of the plurality of contacts, wherein the data stream tracks a cause and effect relationship between the recorded actual interactions, the corresponding relative interaction value of each recorded actual interaction, and the corresponding variable cost of each recorded actual interaction; assigning each contact of the plurality of contacts to a contact relationship level of the plurality of contact relationship levels as each actual interaction is recorded; and generating a summary report for each contact of the plurality of contacts, the summary report based on the data stream for each contact.”

Neither Mulhern nor Walter, considered alone or in combination, describes or suggests a method for managing marketing, as recited in Claim 1. More specifically, neither Mulhern nor Walter, considered alone or in combination, describes or suggests creating a plurality of contact relationship levels representative of a customer lifecycle, wherein each contact relationship level is assigned to at least one marketing phase, and assigning a relative interaction value that relates to progress in developing a relationship between a business and each contact of a plurality of contacts and a variable cost to each of a plurality of potential interactions between a business and each contact of the plurality of contacts. Moreover, neither Mulhern nor Walter, considered alone or in combination, describes or suggests recording each actual interaction between the business and each contact in an ongoing interaction record, wherein each actual interaction the plurality of potential interactions has an associated relative interaction value and variable cost, and developing a data stream for each contact that tracks a cause and effect relationship between the recorded actual interactions, the corresponding relative interaction value of each recorded actual interaction, and the corresponding variable cost of each recorded actual interaction. Further, neither Mulhern nor Walter, considered alone or in combination, describes or suggests assigning each contact to a contact relationship level as each actual interaction is recorded, and generating a summary report for each contact based on the data stream for each contact.

Rather, both Mulhern and Walters describe methods designed to sell a customer additional products and/or services, but no combination of Mulhern and Walters describes or

suggests measuring a development of a customer relationship across a customer lifecycle and correlating the measurement of the development of the relationship to profit, customer satisfaction, and other key performance indicators of the business to facilitate iterative improvement of business performance, wherein the aggregate relative interaction value is a leading indicator of business profits, customer satisfaction, and other key performance indicators of the business. Mulhern merely describes a method for estimating future profitability of a particular customer to justify spending money in the near term by improving product or service performance, changing prices, and/or conducting targeted marketing to facilitate later purchases by all customers, wherein customers are segmented according to profitability and past customer behaviors are analyzed in order to determine further offers and/or products to present to each customer within each customer segment. Moreover, Mulhern's estimates of future profitability rely upon data that has already been collected in databases and on aggregate variable cost data that is collected after a customer has been acquired and that is then assigned or allocated so that each customer is allocated the same cost to serve rather than the actual cost to acquire, close, and retain that applies uniquely to that individual customer. Rather than collecting actual costs to acquire, close, and retain, Mulhern relies on forecasted data or adjusted historical data. Walter merely describes a method for analyzing customer behavior based on the time when those behaviors occur, wherein predictive modeling based on past purchases is used to determine, for example, additional items a customer is likely to purchase. As such, both Mulhern and Walter use existing data rather than deliberately collecting data that is specific to carrying out a strategy.

Accordingly, for at least the reasons set forth above, Claim 1 is submitted to be patentable over Mulhern in view of Walter.

Claims 5, 6, and 29 have been canceled. Claims 28, 31, and 32 depend from independent Claim 1. When the recitations of Claims 28, 31, and 32 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claims 28, 31, and 32 likewise are patentable over Mulhern in view of Walter.

For at least the reasons set forth above, Applicant respectfully requests that the Section 103 rejection of Claims 5, 6, 28, 29, 31, and 32 be withdrawn.

The rejection of Claims 3 and 9 under 35 U.S.C. § 103(a) as being unpatentable over Mulhern in view of U.S. Patent 6,236,975 to Boe, et al. (hereinafter referred to as “Boe”) is respectfully traversed.

Mulhern is described above. Boc describes a targeted marketing method. A customer is provided with a number of customer questions (136), and the answers to the questions are stored. The customer is then provided (138) with a feedback page that graphically illustrates data associated with the customer’s standing in a selected peer group. The customer is provided with options allowing the customer to adjust the customer’s actual demographic to a hypothetical demographic such that the data associated with the hypothetical demographic changes entered by the customer are stored (146) and processed. A set of hypothetical feedback information is then displayed that graphically illustrates the hypothetical standing of the customer within the selected peer group such that the customer can see the effect of the hypothetical demographic changes in terms of future hypothetical offers that may be made to the customer by virtue of being a member of the altered demographic group.

Claim 1 recites a method for managing marketing including “creating a plurality of contact relationship levels representative of a customer lifecycle, wherein each contact relationship level is assigned to at least one marketing phase; assigning a relative interaction value that relates to progress in developing a relationship between a business and each contact of a plurality of contacts and a variable cost to each of a plurality of potential interactions between a business and each contact of the plurality of contacts; recording each actual interaction between the business and each contact of the plurality of contacts in an ongoing interaction record, wherein each actual interaction the plurality of potential interactions having an associated relative interaction value and variable cost; developing a data stream for each contact of the plurality of contacts, wherein the data stream tracks a cause and effect relationship between the recorded actual interactions, the corresponding relative interaction value of each recorded actual interaction, and the corresponding variable cost of each recorded actual interaction; assigning each contact of the plurality of contacts to a contact relationship level of the plurality of contact relationship levels as each actual

interaction is recorded; and generating a summary report for each contact of the plurality of contacts, the summary report based on the data stream for each contact.”

Neither Mulhern nor Boe, considered alone or in combination, describes or suggests a method for managing marketing, as recited in Claim 1. More specifically, neither Mulhern nor Boe, considered alone or in combination, describes or suggests creating a plurality of contact relationship levels representative of a customer lifecycle and assigned to at least one marketing phase, and assigning a relative interaction value that relates to progress in developing a relationship between a business and each contact of a plurality of contacts and a variable cost to each of a plurality of potential interactions between a business and each contact of the plurality of contacts. Moreover, neither Mulhern nor Boe, alone or in combination, describes or suggests developing a data stream for each contact that tracks a cause and effect relationship between the recorded actual interactions, the corresponding relative interaction value of each recorded actual interaction, and the corresponding variable cost of each recorded actual interaction. Further, neither Mulhern nor Boe, alone or in combination, describes or suggests assigning each contact to a contact relationship level relationship levels as each actual interaction is recorded, and generating a summary report for each contact based on the data stream for each contact.

Rather, both Mulhern and Boe describe methods designed to sell a customer additional products and/or services, but no combination of Mulhern and Boe describes or suggests measuring a development of a customer relationship across a customer lifecycle and correlating the measurement of the development of the relationship to profit, customer satisfaction, and other key performance indicators of the business to facilitate iterative improvement of business performance, wherein the aggregate relative interaction value is a leading performance indicator of business profits, customer satisfaction, and other key performance indicators of the business. Mulhern merely describes a method for estimating future profitability of a particular customer to justify spending money in the near term by improving product or service performance, changing prices, and/or conducting targeted marketing to facilitate later purchases by all customers, wherein customers are segmented according to profitability and past customer behaviors are analyzed in order to determine

further offers and/or products to present to each customer within each customer segment. Moreover, Mulhern's estimates of future profitability rely upon data that has already been collected in databases and on aggregate variable cost data that is collected after a customer has been acquired and that is then assigned or allocated so that each customer is allocated the same cost to serve rather than the actual cost to acquire, close, and retain that applies uniquely to that individual customer. Rather than collecting actual costs to acquire, close, and retain customers, Mulhern relies on forecasted data or adjusted historical data. Boc describes a method for profiling customers for targeted marketing according to an altered customer profile and/or customer responses to a customer survey, including hypothetical responses to generate targeted advertisements for each customer based on data received from the customers. As such, both Mulhern and Boe use existing data rather than deliberately collecting data that is specific to carrying out a strategy.

Accordingly, for at least the reasons set forth above, Claim 1 is submitted to be patentable over Mulhern in view of Boe.

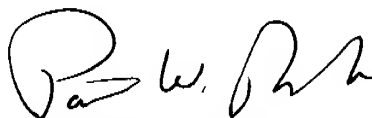
Claim 9 has been canceled. Claim 3 depends from independent Claim 1. When the recitations of Claim 3 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claim 3 likewise is patentable over Mulhern in view of Boe.

For at least the reasons set forth above, Applicant respectfully requests that the Section 103 rejection of Claims 3 and 9 be withdrawn.

Newly added Claims 33-42 depend, directly or indirectly, from independent Claim 1. When the recitations of Claims 33-42 are considered in combination with the recitations of Claim 1, Applicant submits that Claims 33-42 likewise are patentable over the cited art.

In view of the foregoing amendment and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Patrick W. Rasche". The signature is fluid and cursive, with the first name "Patrick" being the most prominent part.

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